

CHAPTER NO. 11

HOUSE BILL NO. 491

By Representatives Sargent, Williams

Substituted for: Senate Bill No. 478

By Senator Blackburn

AN ACT to amend Title 563 of the Private Acts of 1949; and any other acts amendatory thereto, to authorize the Franklin Special School District, Williamson County, Tennessee, to issue and sell school bonds in an aggregate principal amount not to exceed thirty-two million five hundred thousand dollars (\$32,500,000); to provide the form and terms of the bonds; to authorize the refinancing of the bonds; to establish and provide for the payment of the bonds; to levy a tax for the payment of the principal of, interest and redemption premium, if any, on the bonds or notes; to provide for the issuance and sale of the bonds and the use and disposition of proceeds therefrom; and to authorize the issuance of notes in anticipation of the issuance and sale of the bonds.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. The Franklin Special School District, located in Williamson County, Tennessee ("the District"), created by Chapter 563 of the Private Acts of 1949, as amended (collectively with all amendatory acts, the "Act of Incorporation") is hereby authorized and empowered to issue and sell, by resolution of the board of education of the district (the "board"), bonds in the aggregate principal amount of not to exceed thirty-two million five hundred thousand dollars (\$32,500,000) (the "bonds") for the purpose of providing funds (i) for the construction, improvement, renovation, expansion, furnishing, fixturing and equipping of school buildings and facilities, and additions thereto, in and for the district, including the purchase of all property, real and personal, or interests therein, necessary in connection with such work, (ii) for the funding of all accounts and funds necessary and proper in connection with the issuance and sale of the bonds as the board shall determine, (iii) for the payment of interest on the bonds during the period of construction and for six (6) months thereafter and (iv) for the payment of all legal, fiscal, administrative, architectural, engineering, accounting and similar professional and other costs incident thereto and to the issuance and sale of the bonds.

SECTION 2. The bonds may be sold at public or private sale in one or more series, may bear such date or dates, shall mature at such time or times, not exceeding twenty-five (25) years from their respective dated dates, may bear interest at a zero (0) rate or at such other rate or rates not to exceed six and one-half percent (6.5%) per annum (which may vary from time to time), may be payable at such time or times, may be in such denominations, may carry such registration and conversion privileges, may be executed in such manner, may be payable in such medium of payment at such place or places, may be subject to such terms of redemption, with or without premium and may provide for the replacement of mutilated, destroyed or lost bonds, all as may be provided by resolution of the board. The bonds shall be sold as a whole or in part from time to time in such manner as shall be provided by resolution of the board, but in no event shall the bonds be sold for less than ninety-eight percent (98%) of par plus accrued interest (or, if all or any part of such bonds is to be sold at a zero (0) rate of interest or at an original issue discount, such bonds may be sold at not less than ninety-eight percent (98%) of the original reoffering price of such bonds, plus accrued interest). The board is authorized and empowered to do and perform all acts and enter into all agreements which may be necessary or desirable in connection with the issuance and sale of the bonds and to delegate the power to consummate all such acts and execute and

implement all such agreements on its behalf as the board shall deem necessary or desirable.

SECTION 3. The bonds, refunding bonds and notes shall be issued in fully registered form and shall be signed and sealed as provided in the Tennessee Public Obligations Registration Act and in the resolution adopted by the board authorizing the bonds, refunding bonds or notes.

SECTION 4. For the purpose of paying principal of and interest and redemption premiums on the bonds, refunding bonds and notes herein authorized, there is hereby levied, in addition to any tax currently being levied within the boundaries of the district for the benefit of the district, a continuing annual tax equal to a rate per one hundred dollars (\$100) of assessed value of real and personal property located within the district which provides the district one hundred percent (100%) of the amount of outstanding principal and interest coming due on the bonds, refunding bonds or notes in the next succeeding year. At the request of the board, the county assessor of property shall certify to the county trustee and the board the total assessed value of taxable property within the district and furnish the county trustee and the board an estimate of the total assessed value of all new construction and improvements not included on the assessment roll of the base year and all deletions from the assessment roll of the base year. Upon receipt of the information and certifications, the district shall by resolution of the board on or before September 1 of any year certify to the county trustee the special school district tax rate. The county trustee shall adjust the tax rate established herein to an adjusted rate which is estimated to provide to the district one hundred percent (100%) of the amount of outstanding principal and interest coming due on the bonds, refunding bonds or notes in the next succeeding year plus the taxes levied pursuant to the act of incorporation securing other outstanding debt of the district for the 1999 tax year and each tax year thereafter so long as the bonds, refunding bonds or notes shall be outstanding. These taxes shall be used exclusively to pay principal of and interest on the bonds, refunding bonds and notes authorized herein and any other indebtedness of the district as they come due and to maintain debt service fund balances. The board is hereby authorized to pledge such taxes to pay the principal of and interest and any redemption premiums on the bonds, refunding bonds and notes and any other indebtedness of the district. The taxes shall be annually extended and collected by the county trustee in the manner provided by general law for the extension and collection of county taxes and shall constitute a lien on the property against which they are levied with the like force and effect as do county taxes. The proceeds of these taxes, as and when received by the district, shall be deposited to a debt service fund to be established and maintained by the district. The debt service fund is established for the specific purpose of receiving the taxes authorized herein and any other funds which may from time to time be pledged to the payment of indebtedness of the district. The debt service fund and the funds therein shall be maintained and accounted for until payment in full of all outstanding obligations of the district and shall be used for the purpose of paying principal of and premium, if any, and interest on the bonds, refunding bonds and notes and any other indebtedness of the district. In the event property taxes and such other funds as shall be pledged to the payment of the indebtedness of the district are not sufficient to pay principal thereof and interest thereon when due, the district shall apply funds from operations or other available funds of the district to the payment thereof. So much of the surplus arising from the tax hereinabove described and not required for the payment of debt service on outstanding obligations of the district may be used, at the discretion of the board, for the construction, improvement, renovation, expansion, furnishing, fixturing and equipping of school buildings and facilities, and additions thereto, in and for the district, including the purchase of all property, real and personal, or interests therein, necessary in connection with such work.

SECTION 5. The board is authorized, but not required, to pledge to the payment of the bonds all or a portion of (i) any funds received by the district under the Tennessee Basic Education Program available to be used for capital outlay expenditures, as set forth in Tennessee Code Annotated, Section 49-3-351 et seq., and related sections, (ii) its share of the local option sales and use tax now or hereafter levied and collected in Williamson County, pursuant to Tennessee Code Annotated, Section 677-6-712, and (iii) any other funds received from the state, or any of its authorities, agencies or instrumentalities, for school purposes and available to be used for capital outlay expenditures.

SECTION 6. The bonds, refunding bonds and notes, and all income therefrom, shall be exempt from all state, county and municipal taxation in Tennessee, except inheritance, transfer and estate taxes and except as otherwise provided by applicable law.

SECTION 7. The district is further authorized, by resolution of the board, to borrow money and issue its bonds for the purpose of refunding at or prior to maturity, in whole or in part, at any time, in accordance with the terms hereof, the bonds authorized herein and the refunding bonds authorized herein. The board shall have the power to provide for the custody, application and investment of the proceeds of the refunding bonds pending retirement of the refunded bonds.

SECTION 8. The district is further authorized, by resolution of the board, to issue and sell notes of the district in anticipation of the issuance of the bonds authorized herein. The notes may be sold in one (1) or more series, may bear such date or dates, shall mature at such time or times, not exceeding three (3) years from their respective dates and may be extended or renewed for not more than one additional period of three (3) years, may bear interest at such rate or rates not to exceed six and one-half percent (6.5%) per annum (which may vary from time to time), may be payable at such time or times, may be in such denominations, may carry such registration and conversion privileges, may be executed in such manner, may be payable in such medium of payment at such place or places, may be subject to such terms of redemption, with or without premium, and may provide for the replacement of mutilated, destroyed or lost notes, all as may be provided by resolution of the board. The notes shall be sold as a whole or in part from time to time at public or private sale in such manner as shall be provided by resolution of the board but in no event shall the notes be sold for less than ninety-nine percent (99%) of par plus accrued interest. Unless paid for out of the funds identified in Section 4 and/or 5 hereof, when the district receives the proceeds from the sale of the bonds in anticipation of which the notes were issued, a sufficient portion of proceeds shall be used to pay the principal of such bond anticipation notes and may be used to pay the interest thereon. The board is authorized and empowered to do and perform all acts and enter into all agreements which may be necessary or desirable in connection with the issuance and sale of the notes and delegate the power to consummate all such acts and execute and implement all such agreements on its behalf as the board shall deem necessary or desirable.

SECTION 9. No election shall be necessary for the authorization of the bonds and the provisions of Section 9 of Chapter 563 of the 1949 Private Acts of Tennessee, as amended, shall not be applicable to the bonds, refunding bonds and notes issued hereunder.

SECTION 10. If any provision of this act or the application thereof shall be held by any court of competent jurisdiction to be invalid or unenforceable to any extent, the remainder of this act and the application of such provisions shall not be affected thereby, shall be enforced to the greatest extent permitted by law and are declared to be severable.

SECTION 11. This Act shall take effect upon becoming a law, the public welfare requiring it.

PASSED: February 25, 1999


JIMMY RAIFEH, SPEAKER
HOUSE OF REPRESENTATIVES


JOHN S. WILDER
SPEAKER OF THE SENATE

APPROVED this 11th day of March 1999


DON SUNDQUIST, GOVERNOR